

SENATE BILL No. 345

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-23; IC 6-3.1-30.5.

Synopsis: Scholarship granting organization tax credit. Eliminates the income tax credit for contributions made to a scholarship granting organization beginning after December 31, 2016. (Does not preclude a taxpayer from carrying forward any unused tax credit attributable to a contribution made before the elimination of the credit.) Provides instead an income tax deduction for contributions to a scholarship granting organization beginning after December 31, 2016.

Effective: July 1, 2016; January 1, 2017; July 1, 2017.

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January 7, 2016, read first time and referred to Committee on Tax & Fiscal Policy.



Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

SENATE BILL No. 345

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-2-23 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2017]: **Sec. 23. (a) The following definitions apply**
4 **throughout this section:**

5 **(1) "Scholarship granting organization" refers to an**
6 **organization that:**

7 **(A) is exempt from federal income taxation under Section**
8 **501(c)(3) of the Internal Revenue Code; and**

9 **(B) conducts a school scholarship program without**
10 **limiting the availability of scholarships to students of only**
11 **one (1) participating school (as defined in IC 20-51-1-6).**

12 **(2) "School scholarship program" refers to a scholarship**
13 **program certified by the department of education under**
14 **IC 20-51.**

15 **(b) A taxpayer that makes a contribution to a scholarship**
16 **granting organization for use by the scholarship granting**
17 **organization in a school scholarship program is entitled to a**



deduction against the taxpayer's adjusted gross income in the taxable year in which the taxpayer makes the contribution.

(c) The amount of a taxpayer's deduction is equal to fifty percent (50%) of the amount of the contribution made to the scholarship granting organization for a school scholarship program.

(d) A contribution to a scholarship granting organization shall be treated as having been made for use in a school scholarship program if:

(1) the contribution is made directly to a scholarship granting organization; and

(2) either:

(A) not later than the date of the contribution, the taxpayer designates in writing to the scholarship granting organization that the contribution is to be used only for a school scholarship program; or

(B) the scholarship granting organization provides the taxpayer with written confirmation that the contribution will be dedicated solely for use in a school scholarship program.

(e) A taxpayer is not entitled to a deduction under this chapter for a contribution to a scholarship granting organization that is used to provide a scholarship or other assistance to a child participating in the early education grant pilot program under IC 12-17.2-7.2.

SECTION 2. IC 6-3.1-30.5-7, AS AMENDED BY P.L.202-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 7. (a) A taxpayer that makes a contribution to a scholarship granting organization for use by the scholarship granting organization in a school scholarship program is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the taxpayer makes the contribution.

(b) A taxpayer is not entitled to a credit under this chapter for a contribution to a scholarship granting organization that is used to provide a scholarship or other assistance to a child participating in the early education grant pilot program under IC 12-17.2-7.2.

(c) A taxpayer is not entitled to a credit under this chapter for a contribution to a scholarship granting organization made in a taxable year beginning after December 31, 2016.

(d) The expiration of the credit under subsection (c) may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a contribution made to a scholarship granting



1 organization before January 1, 2017, forward to a taxable year
 2 beginning after December 31, 2016, in the manner provided by
 3 section 9.5 of this chapter.

4 **(e) This chapter expires January 1, 2029.**

5 SECTION 3. IC 6-3.1-30.5-13, AS AMENDED BY P.L.213-2015,
 6 SECTION 86, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JULY 1, 2016]: Sec. 13. (a) This subsection applies to a state fiscal
 8 year beginning before July 1, 2015. The total amount of tax credits
 9 awarded under this chapter may not exceed seven million five hundred
 10 thousand dollars (\$7,500,000) in a state fiscal year.

11 (b) This subsection applies to the state fiscal year beginning July 1,
 12 2015. The total amount of tax credits awarded under this chapter may
 13 not exceed eight million five hundred thousand dollars (\$8,500,000) in
 14 the state fiscal year.

15 (c) This subsection applies to a the state fiscal year beginning after
 16 ~~June 30, 2016:~~ **July 1, 2016.** The total amount of tax credits awarded
 17 under this chapter may not exceed nine million five hundred thousand
 18 dollars (\$9,500,000) in a state fiscal year.

19 **(d) This subsection applies to a state fiscal year beginning after**
 20 **June 30, 2017. The total amount of tax credits that may be**
 21 **awarded under this chapter is zero dollars (\$0) in a state fiscal**
 22 **year. The limit under this subsection does not apply to any**
 23 **carryforward of an unused tax credit as allowed under section 9.5**
 24 **of this chapter.**

25 SECTION 4. IC 6-3.1-30.5-14 IS REPEALED [EFFECTIVE JULY
 26 1, 2017]. Sec. 14. The department, on an Internet web site used by the
 27 department to provide information to the public, shall provide the
 28 following information:

29 (1) The application for the credit provided in this chapter:

30 (2) A timeline for receiving the credit provided in this chapter:

31 (3) The total amount of credits awarded under this chapter during
 32 the current state fiscal year.

33 SECTION 5. [EFFECTIVE JANUARY 1, 2017] (a) **IC 6-3-2-23,**
 34 **as added by this act, applies to taxable years beginning after**
 35 **December 31, 2016.**

36 **(b) This SECTION expires January 1, 2020.**

